



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 9, 1999

S. 1052

Northern Mariana Islands Covenant Implementation Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on October 20, 1999*

SUMMARY

S. 1052 would amend the covenant act between the United States and the Commonwealth of the Northern Mariana Islands (CNMI), a territory of the United States, to reform the immigration laws of CNMI. CBO estimates that, subject to appropriation of the necessary amounts, implementing S. 1052 would increase costs—mostly at the Immigration and Naturalization Service (INS)—by a total of about \$6 million over the 2000-2004 period.

In addition to the increase in discretionary costs, beginning in fiscal year 2001, S. 1052 also would affect direct spending by allowing both the INS and the Department of Labor (DOL) to charge user fees, and by allowing the INS to spend the fees it collects without further appropriation action. Consequently, pay-as-you-go procedures would apply to the bill. CBO estimates that these changes in direct spending would have no significant net budgetary impact each year.

S. 1052 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt the immigration laws of CNMI and require that government to enforce a cap on alien workers until the preemption is effective. CBO estimates that the costs of these mandates would not be significant and would not exceed the threshold established in that act (\$50 million in 1996, adjusted annually for inflation).

S. 1052 contains private-sector mandates as defined in UMRA. Section 2 would impose a mandate on employers by limiting the number of temporary alien workers who could be legally present in CNMI. CBO cannot determine whether the direct cost to employers of those mandates would exceed the threshold specified in UMRA (\$100 million in 1996, adjusted annually for inflation).

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

S. 1052 would require that the Department of Justice (DOJ) develop a program to phase-in the Immigration and Nationality Act (INA), as modified for CNMI by S. 1052. The transition period would begin approximately one year from the date of enactment and would end on December 31, 2009. The program would include procedures for issuing visas to nonimmigrant temporary alien workers, family-sponsored immigrants, and employment-based immigrants. S. 1052 would authorize the Attorney General, after consulting with CNMI and the appropriate federal agencies, to exempt certain family-sponsored and employment-based immigrant visas from certain limitations established by the INA. In addition, the bill would provide for a one-time exemption from the INA requirements for certain alien workers who have been long-term employees of legitimate businesses. The bill would offset any additional visas allocated as a result of its exemptions by reducing the number of immigrant visas available in other categories.

For temporary alien workers who would not otherwise be eligible for admission into CNMI, S. 1052 would require that DOL establish and administer a system for issuing a decreasing number of annual permits to employers allowing them to hire such individuals during the transition period. The bill would authorize DOL to charge employers a fee for the permits; however, DOL could only use amounts collected from such fees to the extent authority was provided in advance by appropriations. To allow for the admission of temporary alien workers, the bill would authorize the Department of State to issue nonimmigrant visas.

To help implement the INA, S. 1052 would require that DOL and the Department of the Interior (DOI) develop a program to assist employers in hiring employees who are citizens of the U.S. or the freely associated states (Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau). In addition, for fiscal years 2001 through 2005, the bill could result in the earmarking of \$500,000 of an appropriated entitlement of \$27.72 million. The earmarking, which would reimburse the Departments of Labor and Commerce for the costs of providing additional technical support to CNMI, would be subject to appropriation action. S. 1052 also would authorize DOL and DOJ to establish and maintain operations in the CNMI. Within five and one-half years of enactment, the bill would require that the President report to the Congress on the effectiveness of the Administration's efforts to implement the INA in CNMI.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that, subject to appropriation of the necessary amounts, implementing S. 1052 would cost a total of about \$6 million over the fiscal year 2000-2004 period. In addition,

beginning in fiscal year 2001, enactment of S. 1052 would decrease net direct spending by less than \$500,000 each year.

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget functions 800 (general government), 750 (administration of justice), 500 (education, training, employment, and social services), and 150 (international affairs).

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	a	1	1	2	2
Estimated Outlays	a	1	1	2	2
a. Less than \$500,000.					

BASIS OF ESTIMATE

This estimate assumes that the bill will be enacted early in fiscal year 2000 and that the necessary amounts will be appropriated for each year.

Immigration and Naturalization Service

Based on information provided by the INS, we estimate that applying the INA to CNMI would gradually increase its annual costs from about \$500,000 in fiscal year 2001 to about \$3 million in fiscal year 2004 to handle immigration inspections, investigations, adjudications, and deportations. That estimate assumes that the INS would phase in its operations over several years, eventually stationing around 35 to 40 people on CNMI. (By comparison, the INS currently spends about \$5 million to station 72 employees on nearby Guam, another U.S. territory that has a considerably larger population than does CNMI, although its population is situated on a single island.) According to the INS, about half of the estimated costs would be financed from the collection of additional user fees, which could be spent without further appropriation. The remaining costs, which we estimate would be less than \$500,000 in fiscal year 2001 and grow to about \$1.5 million in fiscal year 2004, would be subject to the availability of appropriated funds.

Other Agencies

Under S. 1052, DOL would incur costs to issue permits to certain employers. Based on information provided by DOL, CBO estimates that implementing the permit system would not affect DOL's budget in fiscal year 2000 but would increase its costs by several hundred thousand dollars in each of fiscal years 2001 through 2004. In addition, we estimate that DOL would collect an equivalent amount of permit fees each year, which would decrease direct spending. (The department would not be able to spend receipts from the new fees without appropriation.)

In addition, DOL and DOJ already have some personnel stationed in CNMI and would increase their personnel anyway to implement the INA. Thus, CBO estimates that authorizing the agencies to establish and maintain operations in CNMI would have no budgetary impact in this case. However, CBO estimates that developing the transition program for CNMI would cost DOJ less than \$500,000 over fiscal years 2000 and 2001. Based on information provided by the Department of State, we estimate that, subject to available funds, implementing S. 1052 would cost less than \$100,000 in fiscal year 2001 and between \$100,000 and \$200,000 a year in 2002 through 2004. Those amounts would cover the costs to add one to two officers overseas to process the additional visas that would result under S. 1052. Finally, CBO estimates that requiring that the President report to the Congress on the bill's effectiveness within five and one-half years of its enactment could result in a negligible cost in fiscal year 2004. All of these additional costs would be subject to the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act specifies procedures for legislation affecting direct spending and receipts. Pay-as-you-go procedures would apply to S. 1052 because the bill would affect direct spending by both the INS and DOL. We estimate that enacting S. 1052 would gradually increase the amount of offsetting receipts collected by the INS by less than \$500,000 in fiscal year 2001 to about \$1.5 million in fiscal year 2004. Because the INS could spend such receipts without further appropriation, the provision would have no net impact on direct spending.

S. 1052 also would allow DOL to collect fees from issuing permits to certain businesses operating in CNMI. According to DOL, it would charge fees at a rate that would cover its costs to issue the permits. We estimate that enacting S. 1052 would increase offsetting receipts by less than \$500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1052 contains intergovernmental mandates as defined in UMRA because it would preempt the immigration laws of CNMI and require the government to enforce a cap on alien workers until the preemption is effective. CBO estimates that enforcing the cap would not require a significant increase in the workload of the commonwealth immigration staff. Further, the preemption of local immigration laws would impose no costs on the CNMI government. Therefore, the total cost of these mandates would be well below the UMRA threshold.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1052 contains private-sector mandates as defined in UMRA. Section 2 would impose a mandate on employers by limiting the number of temporary alien workers who could be legally present in CNMI. CBO cannot determine whether the direct cost to employers of those mandates would exceed the \$100 million inflation-adjusted annual threshold specified in UMRA.

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